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State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Jon M. Huntsman, Jr.
Governor

Kevin S. Carter
Director

675 East 500 South, Suite 500
Salt Lake City, Utah 84102-2818
801-538-5100
801-355-0922 (Fax)
<http://www.trustlands.com>

December 5, 2005

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DIV. OF OIL, GAS & MINING

Mr. Kenneth E., May
General Manager, SUFCO Mine
Canyon Fuel Company, LLC
397 South 800 West
Salina, UT 84654

RE: ML 49443-OBA, Proposed Plan of Mining Operations (R2P2)

Dear Mr. May:

Thank you for your timely response of November 21, 2005, to my letter of November 10, 2005 regarding perceived deficiencies in the Proposed Plan of Mining Operations (R2P2) for the SITLA Muddy coal tract within the SUFCO Mine. The coal tract is under lease to Ark Land Company and Arch Coal, Inc. under ML 49443-OBA, with Canyon Fuels Company, LLC. as the mine operator.

Amendments to the Plan of Operations (R2P2) as contained in your response letter of November 21 adequately address the deficiencies cited by SITLA. Please note, however, that Lessor expects the operator to recover as much of the barrier pillars as may be safely and economically removed upon final retreat from the Muddy coal tract. Also, SITLA requests that Canyon Fuel Company, LLC submit a copy of its detailed calculations for the size and dimensions of the large barrier pillars that are planned within the Muddy coal tract for areas that are adjacent to federal coal leases within the SUFCO mine.

Subject to the above caveat, the Muddy tract proposed Plan of Mining Operations (R2P2), as amended, is approved by SITA. The operator may commence mining under coal lease ML 49443-OBA upon first receiving final mine-permit approval from the Utah Division of Oil, Gas & Mining. Please contact me if you have any questions.

Sincerely,

John T. Blake
Trust Land Minerals Specialist

CC: Doug Downing
Tom Faddies
Dale Harber
Wayne Hedberg
Jim Kohler

Utah!